

| | | | |
|---------------------|-----------------------|---------------------|------------|
| Department: | Leadership & Strategy | Valid From: | 05/01/2024 |
| Rev. Number: | 1.0 | Review Date: | |

CARBON BORDER ADJUSTMENT MECHANISM (CBAM)

The *Carbon Border Adjustment Mechanism (CBAM)* regulations, effective from October 1, 2023, are designed to reduce “carbon leakage” and encourage global reductions in greenhouse gas emissions. These rules have a transition phase until December 31, 2025, during which importers are required to submit quarterly CBAM reports on steel imports from non-EU countries. Post-transition, importers must balance the emissions associated with the production of these imports by purchasing CBAM certificates, accounting for both direct and indirect emissions.

Importantly, countries participating in the EU Emission Trading System (ETS) or those with an ETS linked to the EU, like Switzerland, are exempt from CBAM. **Thus, steel products originating from Switzerland, whether of preferred or non-preferred origin, are not subject to CBAM obligations.** The complete list of exempted territories is detailed in Annex III of Regulation (EU) 2023/956.

For goods originating outside of the exempted regions, but traded through Switzerland to EU countries, Montanstahl will ensure compliance with CBAM by providing the necessary carbon emissions data.

Revision History

| Rev. | Date | Description | Written by | Approved by |
|------|------------|-------------|------------------------|--|
| 1.0 | 05/01/2024 | Release | Michael Stumm (CEO) | Filippo Stumm (Legal & Compliance Director) |
| | | | | |

